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Document reference number and title: (Recommendation from the MEP to SBM020)

Concept note: Options for implementing the provisions in paragraph 62 of the "Standard: Requirements for activities involving removals under the Article 6.4 mechanism (version 01.0)

Item	Section no. (as indicated in the document)	Paragraph/Table/Figure no. (as indicated in the document)	Comment (including justification for change)	Proposed change (including proposed text)
1	-	N/A	RMI (founded as Rocky Mountain Institute) appreciates the opportunity to provide feedback on the Concept Note: Options for implementing the provisions in paragraph 62 of the "Standard: Requirements for activities involving removals under the Article 6.4 mechanism." As an independent, non-partisan, non-profit organization founded in 1982, RMI has a long-standing commitment to transforming energy systems through market-based solutions. Our work spans electricity, transportation, buildings, and industry. In 2022, we launched the Carbon Dioxide Removal Initiative to catalyze the development and deployment of carbon dioxide removal (CDR) in partnership with industry, government, and the scientific and academic community. We bring deep expertise in evaluating and supporting CDR approaches and policy frameworks that enable their responsible scale-up. Upholding the following principles in rules and regulations pertaining to reversal assessment, mitigation, and remediation would enable the Methodological Expert Panel to support the aim of the Paris Agreement Crediting Mechanism to enable countries to reach their climate goals through international cooperation in a high-quality way: - Be inclusive of the portfolio of CDR pathways. - Account for durability by upholding science-aligned durability criteria. - Allow for legal / financial flexibility in achieving durability criteria, including the allowance of contracted durability mechanisms. - Provide additional policy and commercialization support for emerging CDR pathways. - Incorporate update cycles to CDR standards and protocols to ensure alignment with the latest science and empirical data on the performance of removal pathways. - Do not undermine or delay decarbonization efforts or perpetuate the use of fossil fuels.	No specific proposed change regarding this comment. These principles will inform the remainder of RMI's submission.

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2	3. Key issues and proposed solutions	6	As the Concept Note stands, the organizing question focuses on alternative remedial measures as replacements to the Reversal Risk Buffer Pool. This framing precludes an important consideration of how reversal remediation measures can interact with and be enacted alongside one another, narrowing the full range of options when determining how best to remediate reversals. If the MEP reframes its organizing question to consider alternative remedial measures not only in replacement of the Reversal Risk Buffer Pool but also in combination with it, the Concept Note will provide a better understanding of the full range of options available for reversal remediation, especially given the early-stage nature of many remedial measures and of this framework. For more on how remedial mechanisms could interact with one another, see RMI, the Beyond Alliance, and AFF's white paper on contracted durability (https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/) and SHIFT-CM's white paper titled Buffer Pools and Beyond (https://nature4climate.org/wp-content/uploads/2026/06/Buffer-Pools-Beyond.pdf). The contracted durability white paper assesses how a variety of mechanisms (e.g., insurance, buffer pools, trusts, etc.) achieve two functions, (1) assigning enforceable liability for reversals across the full storage obligation and (2) providing the resources to compensate for reversals when they occur. Each mechanism varies in how, under what conditions, and alongside which other measures it performs these functions.	Section 3, paragraph 6, add words in []: "as well as alternative measures to [and measures in combination with] the Reversal Risk Buffer Pool Account for the remediation of reversals." Add to section 3 (e.g., after paragraph 9): "In evaluating the measures in sections 3.1 and 3.2, the Supervisory Body may consider that these measures are not mutually exclusive and may operate in combination, with different measures addressing reversal losses of different magnitudes, correlations, and time horizons, provided that all reversal risks identified by the Reversal Risk Assessment Tool remain covered at all times and that liability for remediation is contractually assigned and enforceable."

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3	3. Key issues and proposed solutions	31, 54, 92 (d)	If research and development (e.g., how to calculate reversal risk for an activity), policy and standard integration (e.g., how to establish remedial measures in policy), and piloting (e.g., how successful test cases of measures are) occur in parallel with one another, progress on reversal risk assessment, mitigation, and remediation is likely to occur more efficiently and robustly than if these efforts are taken in a step-wise manner. If the PACM is used as a test case for novel measures such as insurance, monetary permanence reserves, and other reversal remediation measures, it will shed light on questions that need to continue to be researched and insights for how measures work in practice. If the Supervisory Body has the goal of using PACM to pilot measures, the MEP could consider establishing timelines to determine if pilots are achieving intended goals and supporting the PACM in a high-quality way. In this instance, the concept note would be treating the results of ongoing market pilots as inputs to condition-setting rather than as a precondition for it, consistent with the phased evaluation contemplated in paragraph 92(d). For more on piloting remedial measures, see RMI, the Beyond Alliance, and AFF's white paper on contracted durability (https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/).	Amend the final sentence of paragraph 54 to read: "Accordingly, the MEP concludes that the use of activity-level insurance as an alternative to buffer pool contributions is not yet prevalent in carbon crediting mechanisms. The results of ongoing pilots in voluntary carbon crediting programs should inform subsequent review pursuant to paragraph 92(d)."

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4	3. Key issues and proposed solutions	46	A concern of using insurance as an alternative measure to the Reversal Risk Buffer Pool is the short duration of insurance policies. As mentioned in 46 (c), activity-level insurance would need to "Provide coverage for the duration of the crediting periods and the post-crediting monitoring period, including as defined in individual mechanism methodologies." However, given post-crediting monitoring periods are not defined as a set length of time but rather allowed to be ended by meeting certain criteria, additional clarity on how the implementation of requirements based on duration thresholds would be appreciated and would allow stakeholders to provide more actionable feedback to the MEP.	N/A

5	3. Key issues and proposed solutions	49	The concept note states that, in the event of a covered loss, insurance products would need to either deliver “A6.4ERs or financial payments, as well as a procedure to ensure these outcomes result in remediation of the reversal.” However, insurance that relies on financial compensation of covered losses is at risk of not guaranteeing the same atmospheric impact as that of the reversed credit. The environmental integrity of a financial compensation payout depends on whether the payout reliably results in the procurement and cancellation of replacement A6.4ERs. See RMI, the Beyond Alliance, and AFF’s white paper on contracted durability (https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/) for more information. The timeframe for procurement and cancellation also has implications for the integrity of claims: until replacement A6.4ERs are procured and cancelled, the climate benefit represented by the original credit is unverified, which may affect the ability of A6.4ER buyers to maintain claims compliance under corporate disclosure and net-zero frameworks. Additionally, if a non-removal credit was used to remediate a removal credit or vice versa, it may risk invalidating the claim a buyer is making. If the risk assessment tool does not consider and adjust for this mismatch of claims, it risks creating a fragmented market or undermining buyer claims. As noted, for insurance “that deliver(s) a financial payment when a covered loss occurs, a procedure would need to meet the requirements in paragraph 32(b)(ii).” Additional clarity would be appreciated on if these requirements ensure that the climate impact of the reversal is completely remediated by requiring a certain credit type, timing, and amount, and on the meaning of “an appropriate quantity and type of A6.4ERs” in paragraph 32(b)(ii).	N/A
6	3. Key issues and proposed solutions	74 (c)	Currently, the draft considers a monetary permanence reserve that can only use negligible risk or no risk of reversal credits to retire liabilities. This structure, by precluding non-negligible risk of reversal credits, would have the effect of minimizing the size of the liability pool that the reserve is required to cover. Additionally, if the	N/A

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			PACM requires the use of negligible or no risk of reversal credits, then it would act as a demand signal to the market and would have the impact of increasing the supply of these types of credits. However, it is also possible to support a monetary permanence reserve that does not require the use of only negligible or no risk of reversal credits. In this instance, the monetary permanence reserve would either retire its liability through the purchase of and retirement of a negligible risk of reversal credit or by horizontally stacking non-negligible risk of reversal credits.	

7	3. Key issues and proposed solutions	78	The importance of timing of reversals in the monetary permanence reserve can be mitigated for the following reasons. - First, a Monetary Permanence Reserve could be designed to accumulate sufficient assets to retire its liabilities before many potential reversals occur. Under such an approach, the reserve would not need to predict the timing of every future reversal in order to meet its obligations. - Second, uncertainty regarding reversal timing can be incorporated into reserve design through stress testing, scenario analysis, and conservative fee-setting approaches. For example, reserve capitalization requirements could be calibrated to account for adverse scenarios, including concentrations of reversals early in the reserve's lifetime when assets have had less time to grow. - Third, a growing body of research can inform assumptions regarding the timing and distribution of future reversals and remediation obligations. The MEP could draw upon emerging literature and empirical evidence when evaluating the feasibility and design of a Monetary Permanence Reserve. Additionally, a monetary permanence reserve that purchases and cancels negligible or no risk credits could stimulate demand for these credits by acting as a clear demand signal for project developers that are struggling to secure financing due to current uneven demand signals. This demand creation may mitigate the concern of “future price and availability of A6.4ERs with negligible or no reversal risk.” Finally, as mentioned in comment 2, the MEP could consider the combined use of a monetary permanence reserve and the Reversal Risk Buffer Pool, especially when considering the timing of credit purchasing and retiring to remediate reversals. For example, while paragraph 74 characterizes the Monetary Permanence Reserve as an alternative to the Reversal Risk Buffer Pool Account, the Reserve may also operate as a complement — assuming liability for the post-crediting period after buffer pool contributions cover the crediting and monitoring periods, consistent with the layered approach we note throughout this submission.	At end of paragraph 78, include mention of the use of a monetary permanence reserve as a demand signal that may mitigate concerns around timing and availability of credits. Add an additional section on the consideration of a Monetary Permanence Reserve as a complement to the Buffer Pool.
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